

## NEW LIFE PUT INTO FRAUDS BUREAU

Prosecution of Crooked Stock  
Brokers Is Expected to  
Be Vigorous.

### BROGAN OUTLINED TASK

He Pointed Out Penal Law Sec-  
tions That Would Eluci-  
date Procedure.

The revelations that have been made of inactivity in the District Attorney's office in prosecuting the dozens of crooked stock brokers and promoters who for months have been fleecing the public has given renewed energy to the work of the Commercial Frauds Bureau. Mr. Brogan has promised that he will go after these dishonest brokers and promoters with all the powers at his command, and to that end has appointed two of his ablest assistants to direct the bureau.

This week undoubtedly will see more work done in the bureau than for months past. Judge Swann has asked every one who has a complaint against a dishonest broker or promoter to come to him, and he will see that the complaint is investigated "to the bitter end."

It is probable that now after more than a year the method of procedure against stock brokers and promoters which was outlined by Edward S. Brogan soon after taking office of the office will be put into effect. In that plan Brogan called attention to conditions he had found and indicated the portions of the criminal law which he thought would be most applicable to them, most of the sections having never been used since they were placed on the statute books in 1915.

### Memorandum of Conditions.

It took Brogan but a short time to find the following conditions, which he said he referred to Swann in a memorandum:

"The organization and promotion of hundreds of corporations of every description, organized usually under the laws of Delaware and selling stock in New York, having practically no real financial standing, in many cases without any assets excepting the printing press to turn out worthless shares of stock, and reaping thousands of dollars from foolish investors by false statements and prospectuses about the stock and the corporation."

"The unwarranted and unauthorized use of the names of prominent business, financial and professional men on the boards of directors of false corporations."

"The publication of misleading prospectuses and the insertion of false advertisements by promoters, underwriters and brokers, containing false material representations regarding the stock and the financial condition of the corporations."

"The manipulation of prices of securities by pretended purchases and sales of securities, followed very often by bankruptcy and friendly receiverships which cover up the criminal methods of the promoters."

"Continuing business after insolvency by brokerage firms. Twenty brokerage houses are transacting business to-day although insolvent and robbing retail to pay Paul."

"The bucketing orders by brokerage houses, covering up their methods by a system of obtaining commissions from confederate brokers or employees of other houses who receive \$50 to \$100 a week outside of their salary to supply these commissions."

"Hypothecation of customers' securities without their consent."

"Continual violation of section 957, which states that brokers shall deliver complete memoranda of purchase or sale of stock, even after written demand by a customer by refusing to deliver any memorandum within twenty-four hours after such demand, or by the delivery of an incomplete or false memorandum, leaving out the proper description of the securities, the full name of the firm from whom bought and to whom sold, the date and the hour between which the transaction took place, making it impossible for the customer to verify the transaction and possible for the broker to cover up his bucketing transaction."

"Larceny by brokers and salesmen from local and especially out of town customers and clients, by accepting their money for the purchase of stock and refusing to execute the orders, deliver the securities or return the money to customers, until, in many cases, they are informed that the money is going to be brought to the District Attorney, when they are always too glad to settle and deliver the stock to avoid investigation."

### Method of Prosecution.

The way in which to prosecute these violations was outlined by Brogan in another communication to Swann, written about a month ago, and which he entered the bureau. It was by the use of the statutes to which he calls attention that he secured his first indictments in the first two months of his activities. Indictments which he has received no help in pushing and many of which are still hanging fire. In that letter he wrote:

"The State of Illinois recently started a crusade against these fakers under the blue sky law which went into effect January 1, 1918, with the result that a number of brokerage offices were closed, leaving signs on their doors, 'Removed to our New York office.' I am informed that conditions are worse than ever in the history of Wall Street. Confidence men, wire men, swindlers, and other crooks are now promoting fraudulent oil schemes and other fake ventures and are reaping a harvest."

"If the evidence warrants it I will proceed under sections 290 to 298, Article 36, of the Penal Law, relating to bucket shops, and under Sections 951 to 957 of Article 35 of the Penal Law, relating to fraudulent stock transactions. These last sections were passed in 1912 by the Legislature as a result of the commission appointed by Gov. Hughes in 1909, and later by the Democratic administration under Gov. Sulzer and Gov. Glynn."

"Section 951 relates to reporting or publishing fictitious transactions in securities."

"Section 952 makes it a felony to make, publish or issue any false statement or advertisement as to the value or as to the facts affecting the value of stocks, bonds and other evidence of debt of a corporation or association, or as to its financial condition. Any person who knows, or has reasonable grounds to believe, that any material representation, prediction or promise in such statement or advertisement is false, is guilty of a felony punishable by a fine of \$5,000 and imprisonment for three years."

"Section 953 makes it a felony to manipulate the prices of securities by pretended purchases or sales of securities."

"Section 954 relates to the trading by brokers against customers' orders."

"Section 955 makes it a felony for a broker to execute an order after insolvency. An examination of the books of the twenty-two failures of brokers during the last two years will probably

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### EXERCISES IMPRESSIVE

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Fort Greene Park

Impressive outdoor services in commemoration of the heroic soldier and sailor dead were held in the Sheep Meadow, Central Park, and in Fort Greene Park, Brooklyn, yesterday, as well as in many churches. More than 5,000 persons attended the memorial mass held in the Brooklyn park, preceded by a pageantry of veterans of other wars and of the present in uniform, with delegations from various Catholic orders. An altar heavily banked with flowers had been erected near the Prison Ship Monument and a choir of 100 voices, directed by Arthur S. Somers of the Board of Education, sang the "Miserere."

The band of the Sixty-ninth Regiment, State Guard, entered the park playing "Killarney's Lake," and was followed by the band of the Fourteenth Infantry, the Thirtieth Coast Artillery and a detachment of the Forty-seventh Infantry. Veterans of the United Spanish War Veterans, a contingent of World War Veterans, city letter carriers, Knights of Columbus, the Ancient Order of Hibernians and the Foresters of America then filed in.

Mr. John P. Chidwick, who was chaplain of the old battleship Maine, celebrated the mass. He was assisted by the Rev. E. J. Higgins, a naval chaplain. The sermon, delivered by the Rev. P. Duffy, was on the text, "I am the resurrection and the life."

At the conclusion of the sermon there was an impressive moment of silence. The thousands knelt and a tiny silver toned bell tinkled announcing the consecration. Then the audience rose and filed quietly from the park.

### Services in Central Park.

The services in Central Park were under the auspices of the memorial and executive committee of the New York County Chapter, United Spanish War Veterans. A handful of survivors of the civil war had a place of honor and beside them stood a veteran of the present war, Private Joseph D. Hess, 109th Machine Gun Battalion, Twenty-eighth Division. A band of the Hebrew Orphan Asylum played the national anthem opening the service. Following a prayer by the Rev. E. J. Higgins, the convent of St. Vincent Ferrer, brief addresses were made by William Jones, commander in chief of the Spanish-American War Veterans; John Gannon, of Brooklyn, commander of the State organization of the United Spanish War Veterans; and others.

At the close Allen Garrity, daughter of Patrick M. Garrity, a member of the executive committee, placed flowers on a mound of grass symbolic of the graves of the heroic dead. Then "taps" was sounded. Fifteen hundred letter carriers, led by Peter J. Vanderhook, president of the New York Letter Carriers Association, marched on Broadway from Seventy-sixth street to the Cathedral of St. John the Divine for their annual memorial service. A service flag was carried and 452 stars, six of them gold, were displayed. Postmaster Thomas G. Patten met the line at the church. The Very Rev. Howard Robbins, dean of the cathedral, addressed the men briefly, touching on the death of the late Bishop Greer. The service ended with a brief solemn moment, in which a delegation carried a wreath up the main aisle to the altar as "taps" was sounded.

Between eight thousand and ten thousand persons attended the memorial services held in the United States National Cemetery, at Cypress Hills, under the auspices of the Army and Navy Under County Clerk William E. Kelly was chairman of the committee having the service in charge, and those who took part included the Rev. John M. Kiley of the Church of the Blessed Sacrament, Chaplain Casper H. Hines of the Army and Navy Union, Daniel J. Griffin, Sheriff of Kings county, delivered the oration.

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Italy Observes Fourth Anniversary of Entry Into War Quietly.

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The fourth anniversary of the entrance of Italy into the war was celebrated yesterday without demonstrations. Public buildings were profusely decorated, but public gatherings and demonstrations were discouraged by the Government. Col. d'Annunzio was to have delivered an address, but the meeting was not held at the request of the Government, which did not wish a demonstration against suspended action of the Peace Conference at Paris regarding Italy's plans.

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## NEGRO WOMAN DIES LEAVING \$1,000,000

Madam Walker, Best Known of  
Her Sex Among Her Race,  
Had Two Costly Homes.

### ENTERTAINED LAVISHLY

Made a Fortune by Manufac-  
turing a Tonic for Her  
People's Hair.

Madam Walker, a negro woman, little known to white folk but famous among the people of her own race, died yesterday morning in her country house at Irvington-on-Hudson. The end of a long illness from uraemic poisoning came at 7:15 A. M.

Her only child, Lella Robinson, was on her way to South America when Madam Walker's business representative, F. B. Ransom, reached her at Panama by cable, and the daughter is now on her way to New York. Madam Walker's funeral will be held on Friday at Irvington probably, and the Bishop of the African M. E. Church will be asked to conduct the service.

The woman who lies dead in her country house at Irvington was the richest negro woman in America, all probability. By her own shrewdness and energy she accumulated a fortune of more than \$1,000,000. It may be a great deal more, indeed, for even her lawyer and her business representative do not know exactly how much she had.

In addition to a town house at 108 West 124th street, which cost her \$150,000, and the country place at Irvington, for which she paid \$250,000, she owned a factory in Indianapolis, Ind., employing 100 persons, in which a hair restorer greatly fancied by negroes has been made for fifteen years and which has been immensely profitable; real estate in several large cities; a list of securities whose value has not been appraised.

### Her Name a Household Word.

"Madam" Walker, as she was generally known among her own race—the title suggesting the distinction she enjoyed among them—was not only the richest negro woman in America but among the best known. Her name was a household word in the negro cabins of Georgia and Mississippi and a name to conjure with wherever negroes gathered. The reason was easily understandable. Certainly ever since negroes were freed from slavery in this country there has been among most of them a desire amounting to a passion to rid themselves of kinky hair, to find some lotion or unguent which would permanently one of the natural marks of the race. In Central and South America and in the Caribbean islands of mixed bloods have tried to conceal the close, stiff curls which sometimes formed one of the few marks of African origin. Millions, literally, have been obsessed by this longing.

Samuel A. Singerman of 192 Broadway, who was Madam Walker's attorney for years, told *This Sun* yesterday that her large fortune and her prestige with her own race were due to the fact that she actually discovered a treatment which did eliminate kinks completely and permanently.

On the other hand, Madam Walker's business representative, F. B. Ransom, denied at Madam Walker's home in Irvington that she had ever claimed that her hair restorer would eliminate kinks. The lawyer and the business representative disagreed sharply on this point.

"Madam Walker's fortune of \$1,000,000 or more was built up from the wide sale of a hair restorer strictly," said Mr. Ransom. "She never claimed or advertised that she could straighten hair. That statement is a mistake. She asserted merely that she could grow hair on any head where the roots were not dead."

### Fortune Grew From Experiments.

Madam Walker was born fifty-two years ago in the Louisiana village of Delta. She was married when she was 17 years of age and moved to St. Louis when she was young. Then she settled in Denver, where she began to experiment with hair treatments. The result of her experiments was a hair restorer which she called "Madam Walker's Hair Restorer." It was this hair restorer which she sold in Indianapolis, where she lived for years, of a plant which grew to be a large concern.

She came to New York about six years ago. One of the first evidences that the city had of her wealth was when she bought three lots at 108 and 110 West 124th street, tore down the old fashioned houses, then started and built a "castle" of Indiana limestone.

In that town house she has entertained leading persons of her race elaborately, drawing social lines as closely as any white society leader ever essayed to do. She gave dinners, musicales, balls and entertainments which were attended by well to do and influential negroes from all over America, and from time to time she entertained

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Nine out of ten of these missives, Mr. Dallinger said, commend the stand he took and praise him for introducing the resolution. Many threaten him with bodily or political harm; some are filled with blasphemy and vile names, while others seek to prove to him that it is contrary to the Constitution to keep Berger from occupying his seat in Congress or that should the twenty year penitentiary sentence be upheld Berger should draw the salary of a member of Congress.

As was to be expected the scurrilous letter writers and the authors of the blasphemy failed to sign their names, appending obviously false signatures. One letter signed "James McLean," mailed in Kansas City, Kan., said:

"Have you no sense of shame?"

"Like a wild, raving maniac you are trying to swindle, cheat, defraud Mr. Victor Berger out of his honest election. The people elected him and you are trying to beat him out of it by crooked means. Shame on you, rotten politician. You were elected by ballot stuffing and election fraud."

"And now you are trying to defraud Mr. Victor Berger out of his honest election."

"You are an intolerant, biased, prejudiced, brain rotten fanatic."

"Get out of this country."

"The monster who concocted and slipped one over on the people by that infamous, diabolical espionage law, which is unconstitutional, Frenchy and against the rights of man should be removed summarily and drastically. Away with you traitorous band of political hyenas and English bootlicking hirelings. How much money did you get from England?"

Mr. Dallinger, chairman of the committee to which his resolution on the Berger case was submitted, has called a meeting of the committee on Tuesday, when a policy will be decided upon and a date set for beginning hearings.

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